GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:5355
ANSWERED ON:28.08.2001
DECLINE IN DEMAND OF STEEL
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Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that the demand for steel has declined considerably during the last one year;

(b) if so, the extent of this decline and the reasons therefor;

(c) whether the decline in demand has correspondingly resulted in fall in steel prices;

(d) if so, the details of fluctuating trend of steel prices over the last year; and

(e) the steps taken by the Government to check the cascading effect of the declining demand on the steel production and its prices in the country?

Answer

MINISTER OF STATE FOR STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a)&(b): There has been no decline in the demand for steel in absolute terms but the growth in demand has been sluggish during the last one year.

(c)to(e): After the liberalisation of steel sector, the prices of steel are determined by the interplay of market forces which are dynamic in nature. The prices of steel in the past two years had witnessed a downward trend with occasional upturns. In respect of certain products, the decline in prices has been as much as 30-40%. The fall in steel prices could be attributed due to a number of factors which inter-alia include, lack of growth in the domestic demand, fall in international prices, global excess capacity, blockade of export markets, South East Asian crisis, break up of the erstwhile USSR and dumping of steel by certain countries. The Government/Steel Industry have taken several steps to boost the demand for steel which interalia include:

- Higher allocation for infrastructure development in the last two budgets.

- Launching of a National Campaign to promote consumption of steel.The Campaign has identified specific products made of steel with high market potential such as storage bins to increase the usage of steel in new areas like rural and agro based agricultural sectors.

- Orienting product-mix to suit the market requirements and adjusting production in tune with change in the market demand.

- Developing and nourishing long-term customer`s relationship by entering into MOUs for supply arrangement with the customers.

- Imposition of anti-dumping duty on imports of HR coils from Russia and Ukraine.

- Regulating the imports of seconds and defectives of steel.